

Testimony of Jeffrey Steele

President and Chief Executive Officer, First Choice Health Centers Inc.

My name is Jeffrey Steele and I am President and Chief Executive Officer of First Choice Health Centers Inc serving the communities of East Hartford, Manchester and Vernon. I am submitting this testimony related to SB 990 AN ACT CONCERNING COST-BASED REIMBURSEMENT FOR FEDERALLY QUALIFIED HEALTH CENTERS.

In 2022, First Choice served 18,145 patients, which we specialize in providing care for traditionally underserved communities. As a federally qualified health center, First Choice does not turn people away based on their ability to pay for services, and patients have access to same-day medical, dental, behavioral health, and specialty services. First Choice provided health care services to 16,363 patients who fall under 200% of the federal poverty guideline in 2022. Included in the number above are 3,081 people who are uninsured and would have no other access to health care in the community.

CHCACT welcomes the opportunity to have a conversation about cost-based reimbursement for federally qualified health centers. While we do not actively support the language of the bill under consideration, we are grateful that the legislature is taking a keen interest in addressing underlying issue that health centers do not receive adequate Prospective Payment System (PPS) rates that are in alignment with their costs.

CHCACT has been in conversation with legislative leadership to request a one-time appropriation of \$30 million to address the immediate needs of our member health centers. **Without immediate relief, health centers will be forced have to reduce services and lay off staff. This investment will allow our health centers to remain competitive in recruiting, attracting, and retaining quality providers. This funding will enable CT's Health Centers to keep our doors open and to ensure that we can continue to deliver quality care to ALL patients.**

The Connecticut community health center's Medicaid rates were established in 2001 based on the Prospective Payment System (PPS) formula provided by CMS. Since the establishment of the Medicaid rates in 2001, community health centers have received an inflationary increase year over year that does not meet the actual inflation rates. As an example, the health centers received a 1.5% inflationary increase in 2022 while the average inflationary rate during that time

was over 6%. This process year over year is not sustainable for community health centers.

Since 2011, First Choice along with most community health centers have changed significantly to address the needs of their patients by adding services, adding patient access points, and are operating at much higher volumes than in 2001. First Choice reported 3,876 visits on the 2001 Medicaid Cost Report to the Department of Social Services (DSS). Today, the patients served have increased by 375%. This change since 2001 coupled with the fact that the State of Connecticut (DSS) does not have a process to adjust rates based on scope of project changes is having a significant negative impact on the community health center system.

The community health center program helps hundreds of thousands of Connecticut residents every year receive quality and affordable health care. The limitations placed on the health centers through the current Medicaid rate system is contributing to extended period of access to care and reduced access to affordable care.

This lack of action over the years by DSS will significantly impact the overall health care of our patients. First Choice or any patient should not have access to a full complement of services and receive those services in a reasonable time frame. The Connecticut health center's as federal statute was intended, provides access to affordable health care to low income, uninsured and underinsured patients, suffering from complex conditions who would otherwise go without these crucial services. First Choice has seen first-hand the benefits of the health center program for our patients. Access to affordable medical, dental, behavioral health and specialty service is vital to improving health outcomes. This is not only important in terms of the individual patient; but also improved health outcomes has an impact across the entire health care delivery system. Specifically, when health centers can effectively manage acute illness and chronic disease, health centers keep people out of the emergency room and reduce the inpatient services costs in the system. Access to affordable health care is a critical piece to maintaining a viable health care system.

Threats to the Community Health Centers:

The threats to the integrity of the health center programs have emerged, with the potential to significantly limit the value of the program for the most vulnerable patients it was intended to serve.

The current Medicaid rate structure is not sustainable for the health center program. The increase in salaries, medical supplies, insurances, and employee benefits, to name a few, have all increased at rates that the Medicaid inflationary increases do not address. Simply put, the actual inflationary factor since 2001 has by far out paced the Medicaid inflationary increase provided to the health centers. This, along with the lack of a system to address Medicaid rates through a scope change will force longer waiting periods for patients and may limit services provided by health centers.

In addition, health centers struggle to staff their centers as they compete with local hospitals for the same talent. The local hospitals have significant resources when hiring staff and clinicians which put the health centers at a disadvantage to hire the same talent.

In a recent arbitration decision (1), the New Britain Superior Court ruled that the Department of Social Services “must meet federal requirements” in their response to Fair Haven Community Health’s request for a rate increase based on change in scope of services offered. This decision established a new legal precedent that health centers can use to seek rate increase is based on a change in scope of services. Our hope is that we can work with the Department of Social Services to establish an equitable payment methodology that addresses the current shortfalls that health centers are experiencing in their reimbursement for services that will be more comprehensive than the language in the underlying bill.

Therefore, as you take action to protect the integrity of the Community Health Center Program, I would ask that you include provisions that codify the Medicaid rate setting model.

Sincerely,

Jeffrey Steele

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¹<https://civilinquiry.jud.ct.gov/DocumentInquiry/DocumentInquiry.aspx?DocumentNo=2407027>